

EXHIBIT A

RECENT TRENDS IN SECURITIES CLASS ACTION LITIGATION: 2024 H1 UPDATE

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Standard Filings Increased Slightly, Account for
Nearly All New Filings

Resolutions on Track to Exceed 2023 Levels

SUMMARY

There were 112 new federal securities class action suits filed in the first half of 2024. Of these, 106 were standard cases containing alleged violations of Rule 10b-5, Section 11, and/or Section 12, and 15 standard cases were filed against foreign companies. Filings against companies in the electronic technology and technology services and the health technology and services sectors accounted for 54% of filings, and the Second and Ninth Circuits accounted for approximately 60% of filings. Among filings of standard cases, 38% had an allegation related to missed earnings guidance.

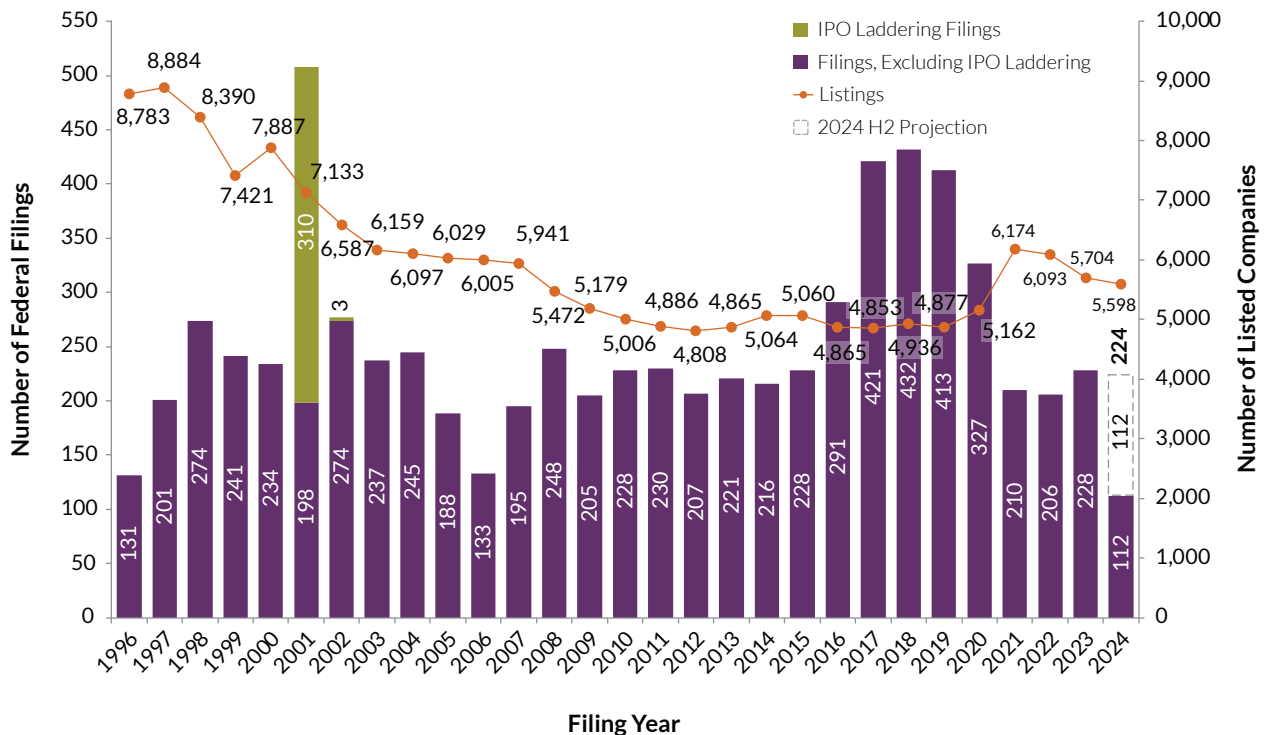
Suits with AI-related claims have begun to be filed, with six such suits seen through June 2024. Crypto- and SPAC-related filings declined relative to 2023, with only three and five suits filed in each category, respectively. On the other hand, cases with COVID-related claims continued to be filed, with eight suits filed through June 2024.

There were 100 cases resolved in the first half of the year, consisting of 52 dismissals and 48 settlements. Assuming resolutions continue at this pace in the second half of 2024, the number of resolved cases would exceed the 190 seen in 2023. Excluding settlements of \$1 billion or more, the average settlement value declined by approximately 25% in 2024 H1 to \$26 million. Similarly, the median settlement value declined by 40% to \$9 million. Aggregate settlements totaled \$1.2 billion through June 2024, while five large settlements totaling \$1.5 billion are set to have their settlement-approval hearings in the second half of the year.

TRENDS IN FILINGS

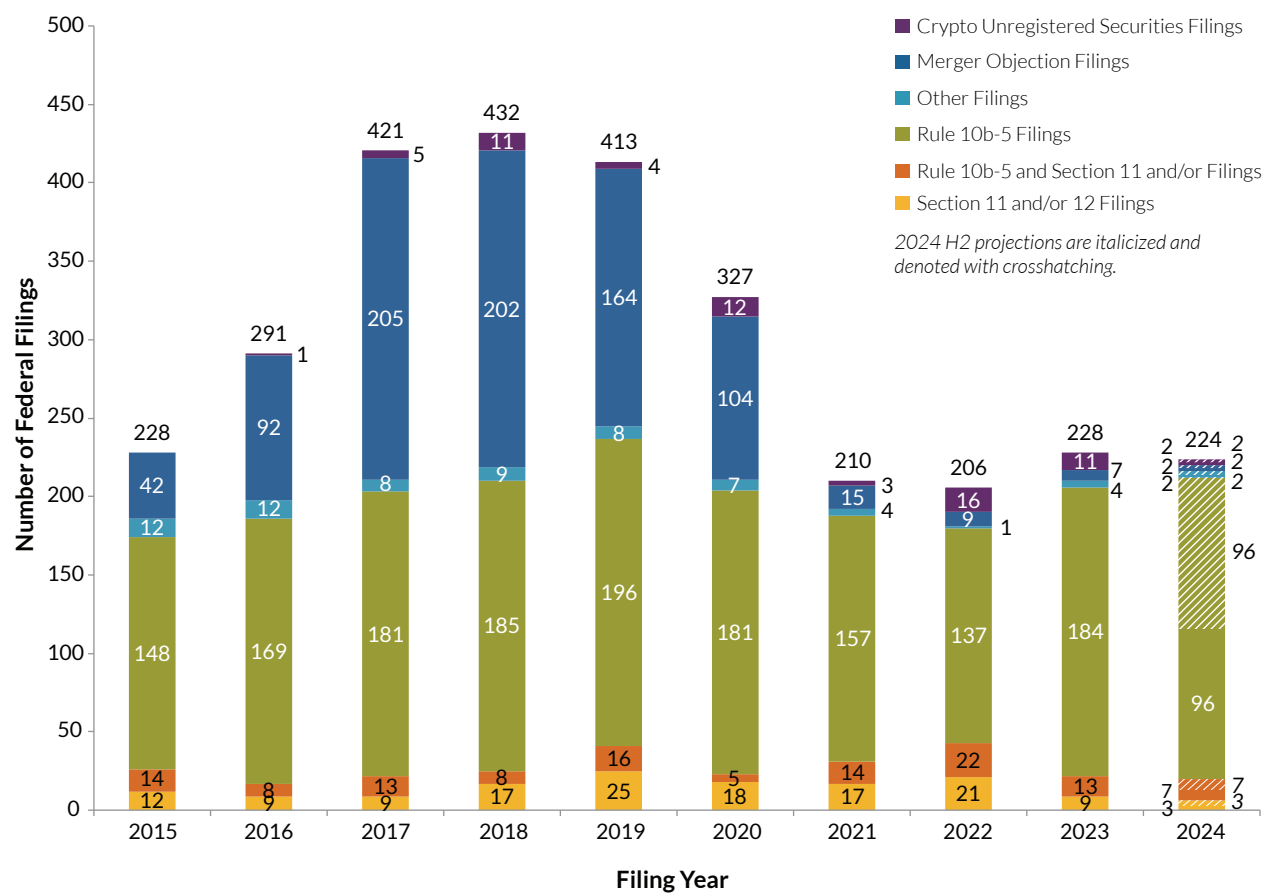
During the first half of 2024, 112 new federal securities class action cases were filed (see Figure 1).² Standard cases, which contain alleged violations of Rule 10b-5, Section 11, and/or Section 12, accounted for 95% of all new filings with 106.³ Filings with Rule 10b-5-only claims comprised the majority of standard cases with 96 filings. On the other hand, cases involving merger objections and crypto unregistered securities have continued to decline, with only two suits filed in each category, respectively.⁴ Assuming filings continue at the same pace in the second half of 2024, annual filings for 2024 would be 224, roughly in line with 2023 levels. See Figure 2.

Figure 1. **Federal Filings and Number of Companies Listed in the United States**
January 1996–June 2024



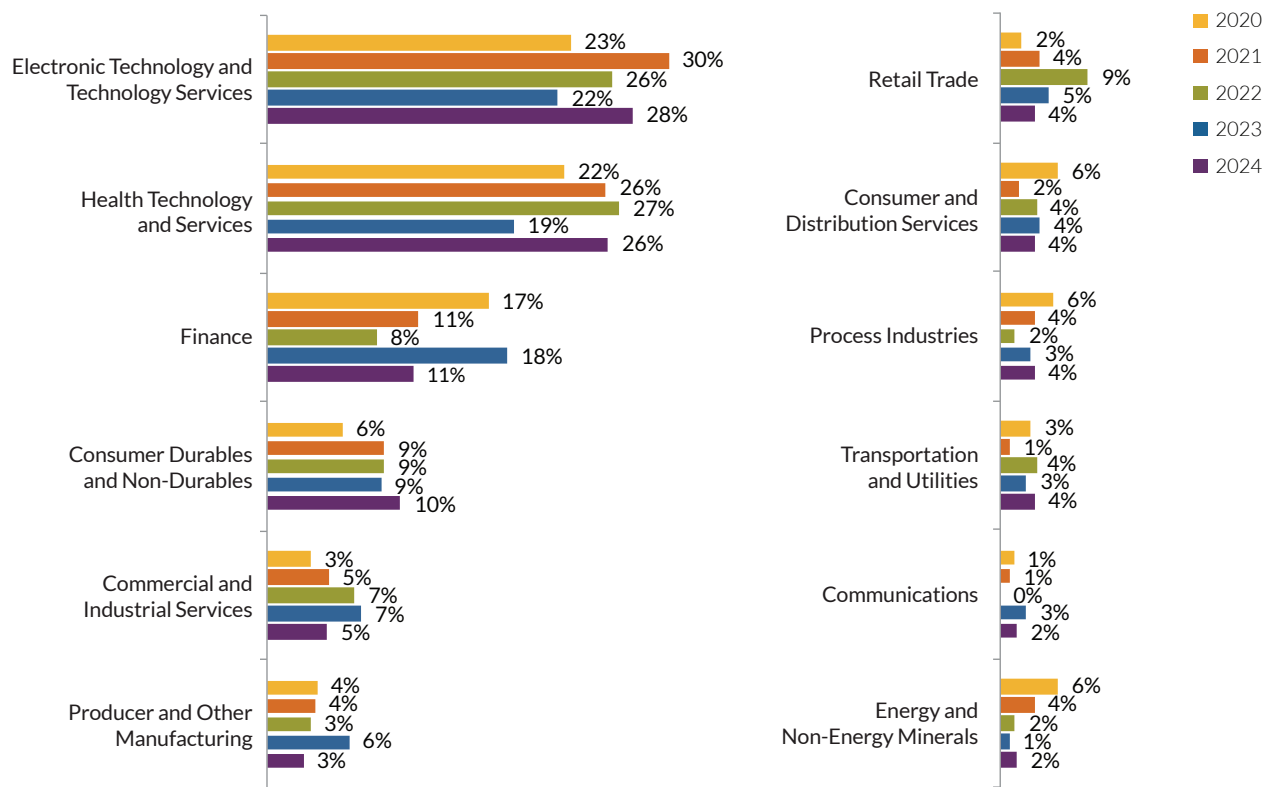
Note: Listed companies include those listed on the NYSE and Nasdaq. Listings data obtained from World Federation of Exchanges (WFE). The 2024 listings data are as of May 2024.

Figure 2. **Federal Filings by Type**
January 2015–June 2024



The electronic technology and technology services sector and the healthcare technology and services sector together comprised 54% of new filings in the first half of 2024, up from 41% in 2023. On the other hand, the percentage of suits in the finance sector declined by more than one-third to 11%, partially due to a decline in filings against banking institutions. See Figure 3.

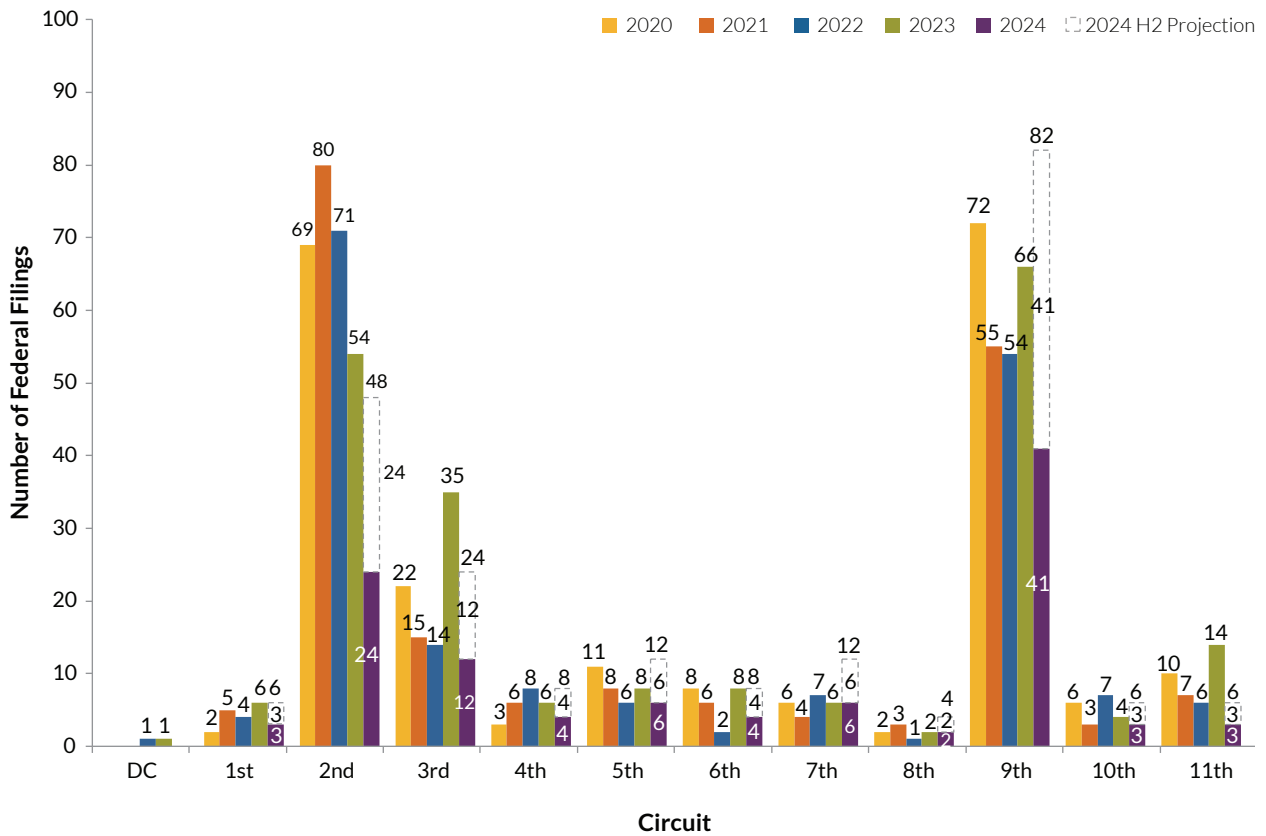
Figure 3. **Percentage of Filings by Sector and Year**
Excludes Merger Objections and Crypto Unregistered Securities
January 2020–June 2024



Note: This analysis is based on the FactSet Research Systems, Inc. economic sector classification. Some of the FactSet economic sectors are combined for presentation.

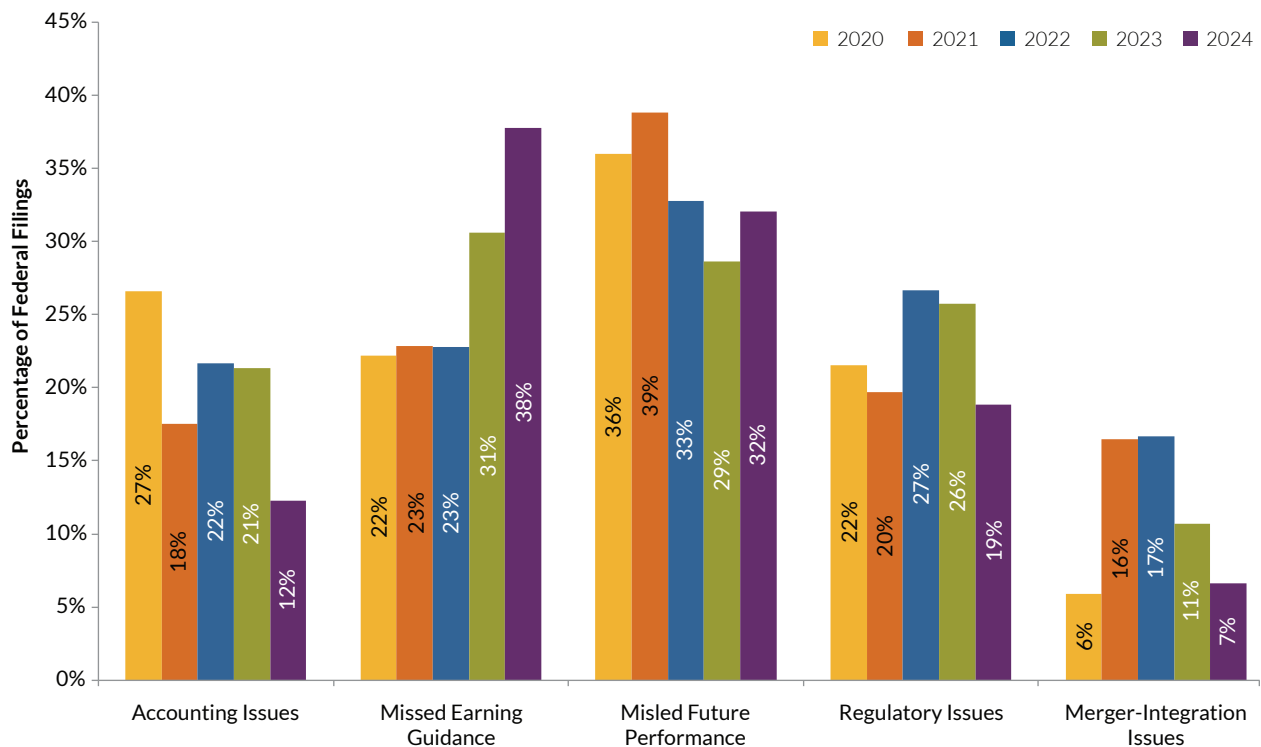
The Second and Ninth Circuits continue to be the jurisdictions in which the majority of cases are filed, together accounting for 65 of the 108 non-merger-objection, non-crypto unregistered securities filings in the first half of 2024, though the number of filings in each circuit have been trending in different directions. While the Ninth Circuit witnessed 42 new filings and is on track to exceed last year's total of 66 filings, the Second Circuit saw 24 new filings and is projected to have its lowest annual filings in the last five years. While the pace of filings in the Third Circuit declined relative to 2023, they remain elevated, with 12 suits filed through June 2024. See Figure 4.

Figure 4. **Federal Filings by Circuit and Year**
 Excludes Merger Objections and Crypto Unregistered Securities
 January 2020–June 2024



Among filings of standard cases, 38% included an allegation related to missed earnings guidance and 32% included an allegation related to misled future performance.⁵ On the other hand, the percentage of standard cases containing an allegation related to accounting issues declined to 12%. See Figure 5.

Figure 5. **Allegations**
Shareholder Class Actions with Alleged Violations of Rule 10b-5, Section 11, and/or Section 12
January 2020–June 2024



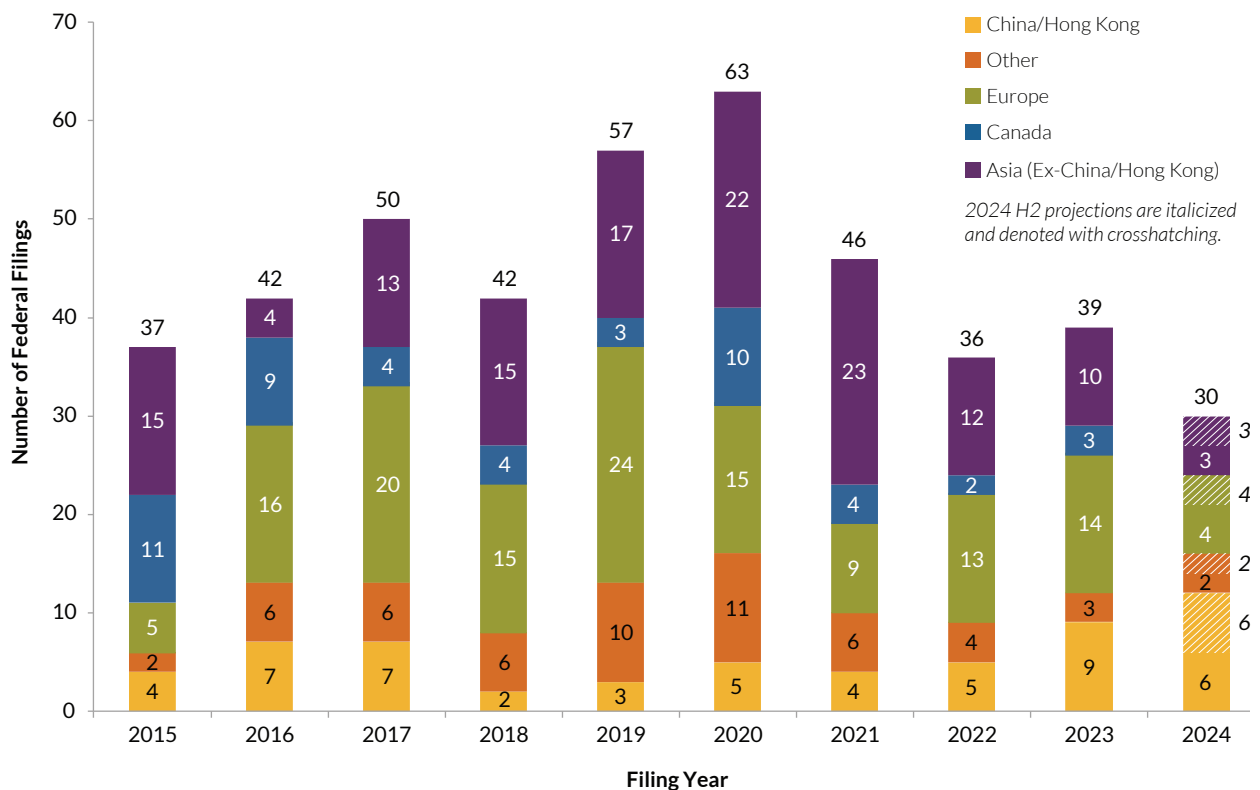
While the percent of foreign companies listed on US exchanges has been steadily increasing in recent years, there has been a decline in the percent of federal filings against foreign companies since 2020.⁶ In 2024, 14.2% of filings of standard cases were against foreign companies, compared to 24.7% of US listings represented by foreign companies (see Figure 6). There were 15 filings against foreign companies so far this year, of which nine have been against companies domiciled in Asia (see Figure 7).

Figure 6. **Foreign Companies: Share of Filings and Share of Companies Listed on US Exchanges**
 Shareholder Class Actions with Alleged Violations of Rule 10b-5, Section 11, and/or Section 12
 January 2015–June 2024



Figure 7. **Filings Against Foreign Companies**

Shareholder Class Actions with Alleged Violations of Rule 10b-5, Section 11, or Section 12 by Region
January 2015–June 2024



Note: Foreign issuer status determined based on location of principal executive offices.

EVENT-DRIVEN AND OTHER SPECIAL CASES

In this section, we summarize trends in filings in potential development areas we have identified for securities class actions since 2020 (see Figure 8). Note that due to the small number of cases in some categories, the findings summarized here may be driven by one or two cases.

Artificial Intelligence

Interest in artificial intelligence has increased in recent years, with companies increasingly mentioning AI in company filings.⁷ This has started to translate into securities class action suits, a new special cases group we are introducing in this report. In the first half of 2024, there were six AI-related filings in which companies are alleged to have overstated the use or effectiveness of AI in either their own or their clients' businesses. Among these include suits against Innodata Inc. with allegations the company misrepresented the use of AI in its software platforms; Evolv Technologies Holdings, Inc., in which plaintiffs allege the company overstated the effectiveness of its AI-based weapons detection products; and UiPath, Inc. in connection with the failure of its AI-based turnaround strategy. Other AI-related cases filed in previous years include 2023 filings against car manufacturing companies Tesla and General Motors, with claims related to autonomous vehicle (AV) technology that uses AI. Many older cases are focused on allegations related to machine learning capabilities.

Banking Turmoil

Between March and May 2023, there was a string of bank collapses and failures involving Silvergate Bank, Silicon Valley Bank, Signature Bank, First Republic Bank, and Credit Suisse.⁸ This led to 11 securities class action suits filed against banking institutions in 2023, representing nearly 30% of all filings in the finance sector that year. While there have been no filings associated with banking turmoil so far in 2024, there was a suit filed against New York Community Bancorp, Inc. in connection with losses stemming from its acquisition of Flagstar Bank and Signature Bank.

Crypto

Crypto-related filings, comprised of cases involving unregistered securities and shareholder suits involving companies operating in or adjacent to the cryptocurrency industry, have been elevated in recent years, though have declined in the first half of 2024. While full-year 2023 saw 16 crypto-related filings, there were only three such filings seen in the first six months of 2024.

Environment

There have been four environment-related securities class action suits filed in the first half of 2024, on track to match the eight cases filed in 2023. Among the cases filed this year include a suit against Cummins Inc. alleging unlawful use of emissions defeat devices in engines, a filing against SSR Mining Inc. in connection with a landslide in a Turkish mine, and two cases with allegations of environmental violations involving GrafTech International Ltd. and AXT, Inc.

Cybersecurity and Customer Privacy Breach

From 2020 to 2023, there were at least two securities class action suits filed each year related to a cybersecurity and/or customer privacy breach. While 2024 has seen several data breaches stemming from a hack affecting customers using Snowflake data cloud platforms, so far there have been no securities class action filings in this area.⁹

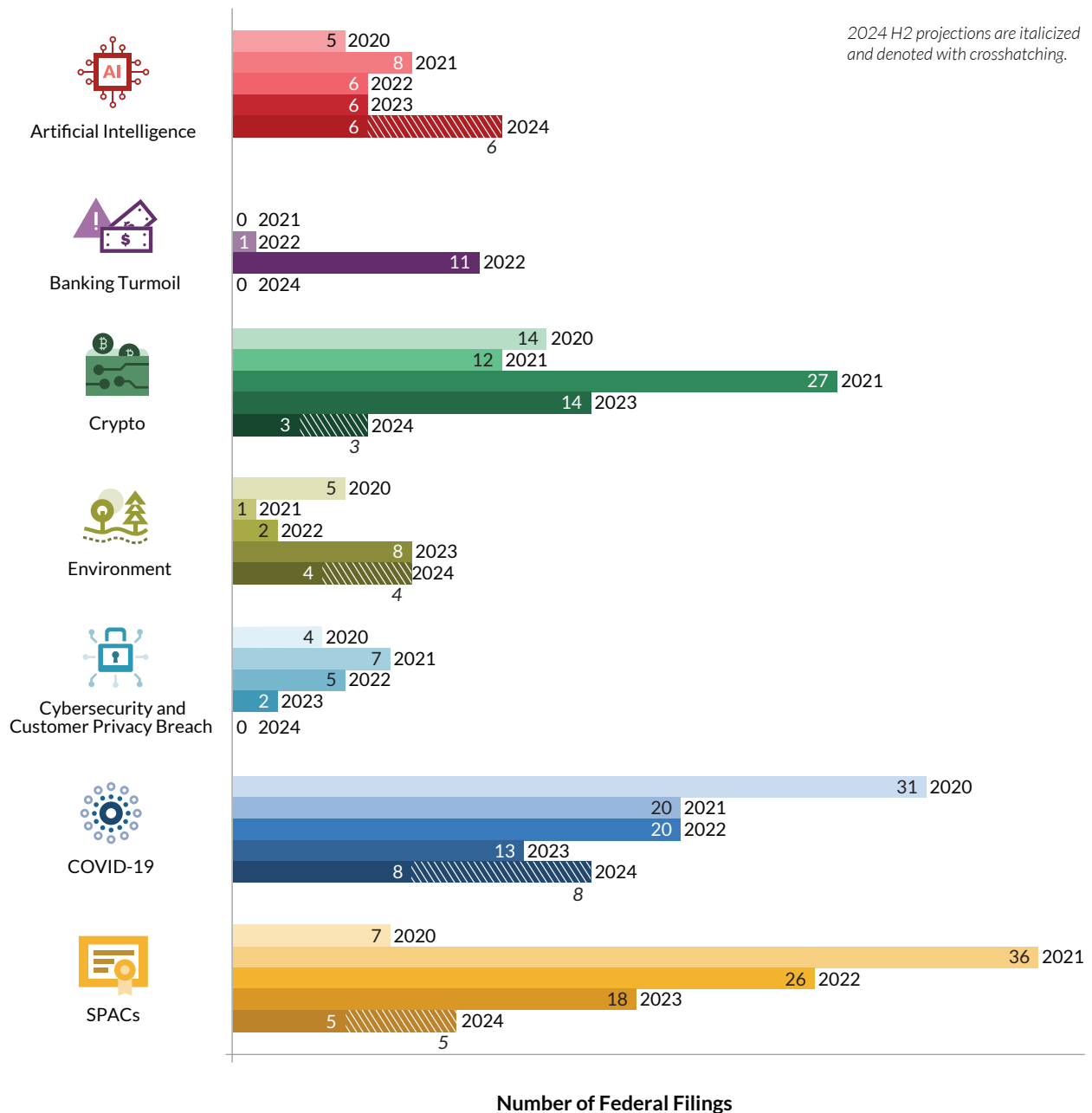
COVID-19

While it has been over four years since the start of the COVID-19 pandemic and over a year since the WHO declared an end to COVID-19 as a global health emergency,¹⁰ suits with COVID-19-related claims continue to be filed. There were eight such suits in the first half of 2024, on track to exceed last year's total of 13 filings, assuming the current pace of such filings continues.

SPAC

Filings related to special purpose acquisition companies (SPACs) have continued to decline since their peak in 2021, when 36 securities class action suits were filed. There were only five SPAC-related filings in the first half of 2024. This trend is consistent with the decline in SPAC IPOs in recent years, which saw a high of 613 in 2021 but dropped to only 19 in 2024.¹¹

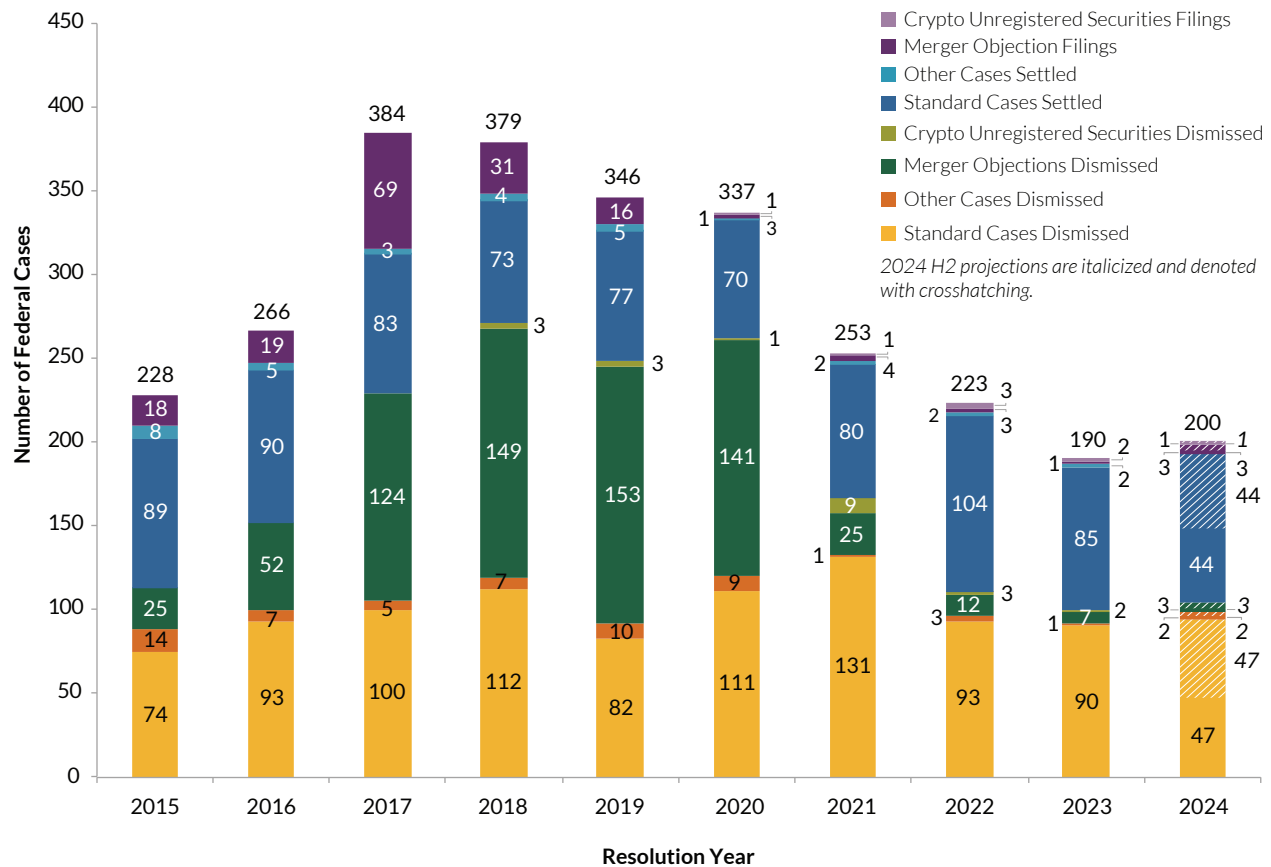
Figure 8. **Event-Driven and Other Special Cases by Filing Year**
January 2020–June 2024



TRENDS IN RESOLUTIONS

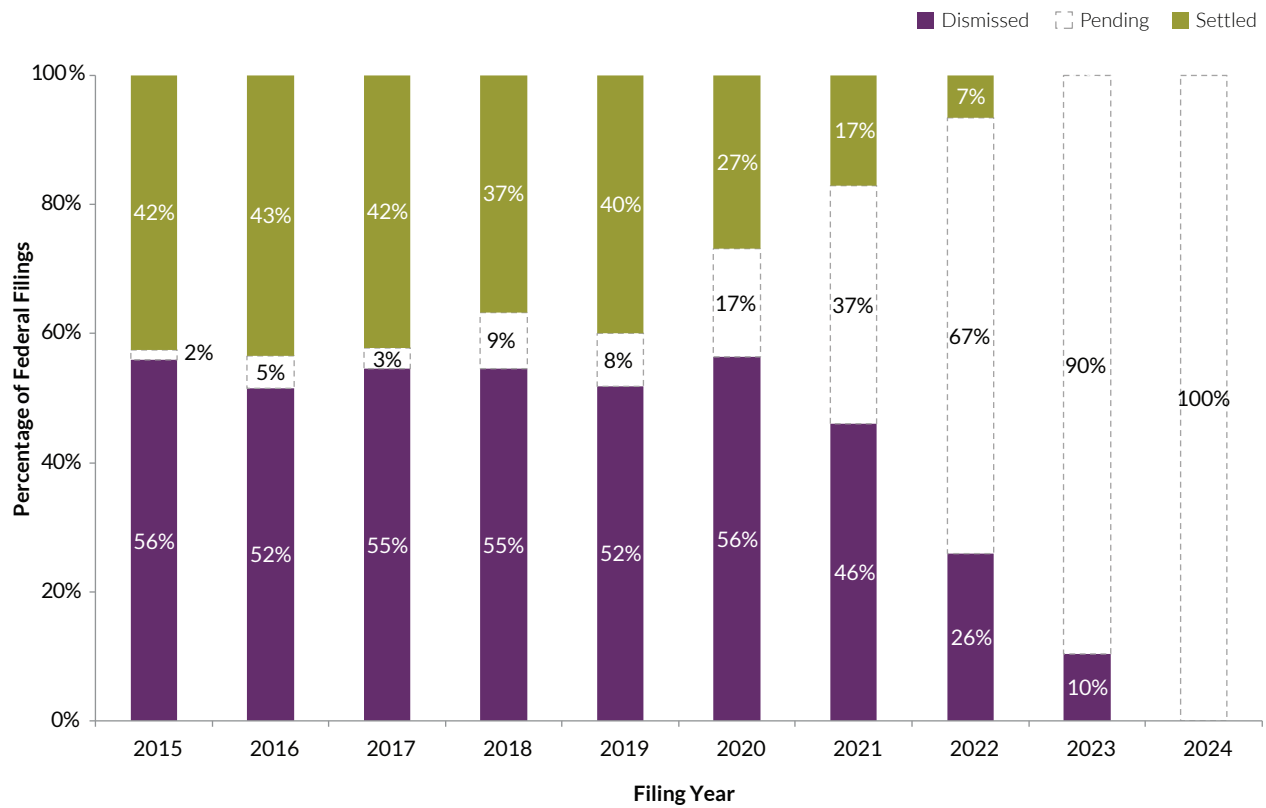
There were 100 cases resolved in the first half of 2024, of which 52 were dismissed and 48 were settled.¹² Standard cases accounted for the most resolutions, comprising 91 of 100 resolved cases. Assuming resolutions continue at this pace for the rest of the year, the number of resolved cases for 2024 will be 200, which would represent a 5% increase relative to the 190 resolved cases seen in 2023. See Figure 9.

Figure 9. Number of Resolved Cases: Dismissed or Settled
January 2015–June 2024



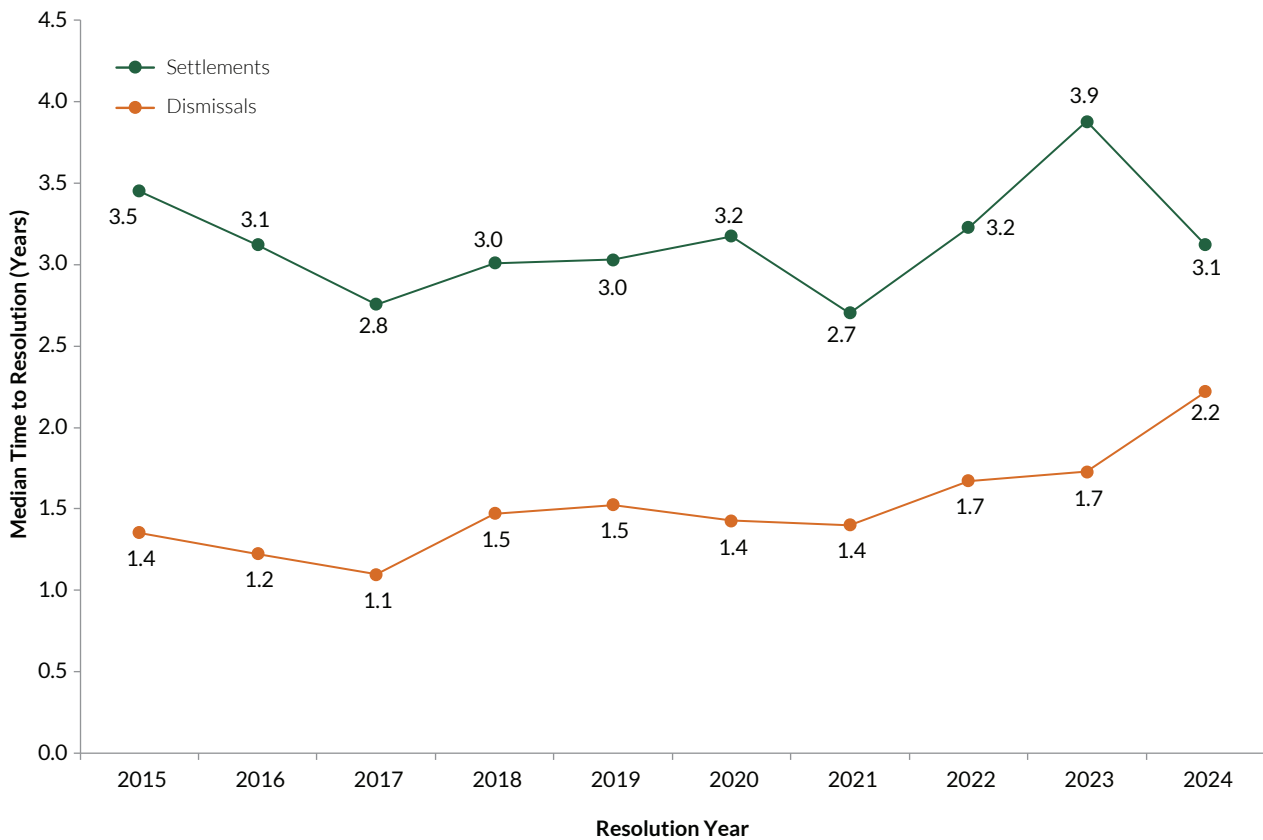
Since 2015, more filed cases have been dismissed than settled, while approximately 30% of filings remain pending (see Figure 10). For cases dismissed between 2015–2021, the median time from filing of the first complaint to resolution was relatively stable at around 1.4 years. Since 2021, the median time to dismissal has increased, reaching a peak of 2.2 years in the first half of 2024. Similarly, for cases settled between 2015–2021, the annual median time from filing of the first complaint to resolution was relatively stable at around three years. While the median time to settlement sharply increased to nearly four years in 2023, it has dropped back to 3.1 years in the first half of 2024. (See Figure 11).

Figure 10. **Status of Cases as Percentage of Federal Filings by Filing Year**
 Excludes Merger Objections, Crypto Unregistered Securities, and Verdicts
 January 2015–June 2024



Note: Dismissals may include dismissals without prejudice and dismissals under appeal. Component values may not add to 100% due to rounding.

Figure 11. **Median Time From First Complaint Filing to Resolution**
Excludes Merger Objections, Crypto Unregistered Securities, and Verdicts
January 2015–June 2024



TRENDS IN SETTLEMENT VALUES¹³

For cases settled in the first half of 2024, around 52% settled for less than \$10 million while only 12% settled for \$50 million or more (see Figure 12). The largest settlement consisted of a \$192.5 million recovery in a matter involving Rite Aid Corporation. Excluding settlements of \$1 billion or more, the average settlement value was \$26 million, a \$9 million decline compared to the 2023 inflation-adjusted average settlement value of \$35 million (see Figure 13). The median settlement value was \$9 million, a 40% decline from the 2023 inflation-adjusted median settlement value of \$15 million (see Figure 14).

Figure 12. **Distribution of Settlement Values**
 Excludes Merger Objections, Crypto Unregistered Securities, and Settlements for \$0 to the Class
 January 2020–June 2024

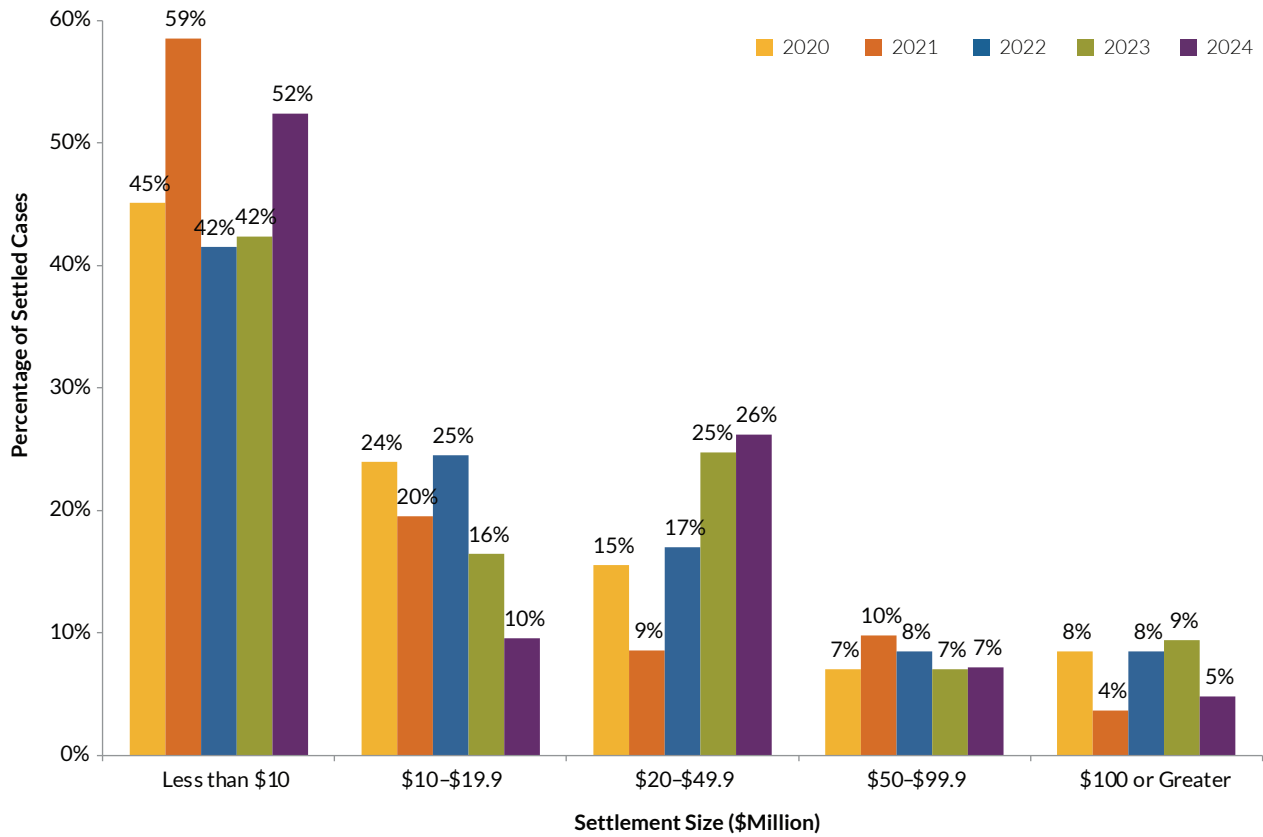


Figure 13. **Average Settlement Value**
 Excludes Settlements of \$1 Billion or Higher, Merger Objections, Crypto Unregistered Securities,
 and Settlements for \$0 to the Class
 January 2015–June 2024

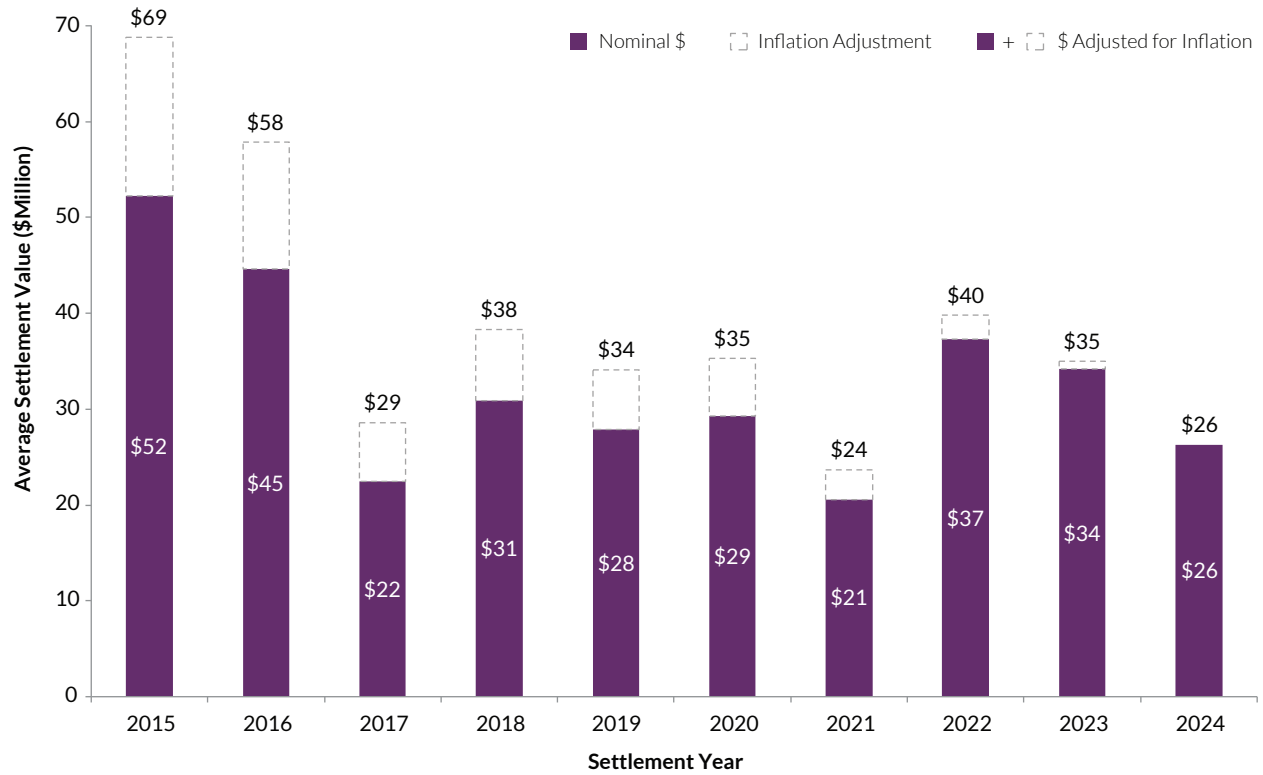
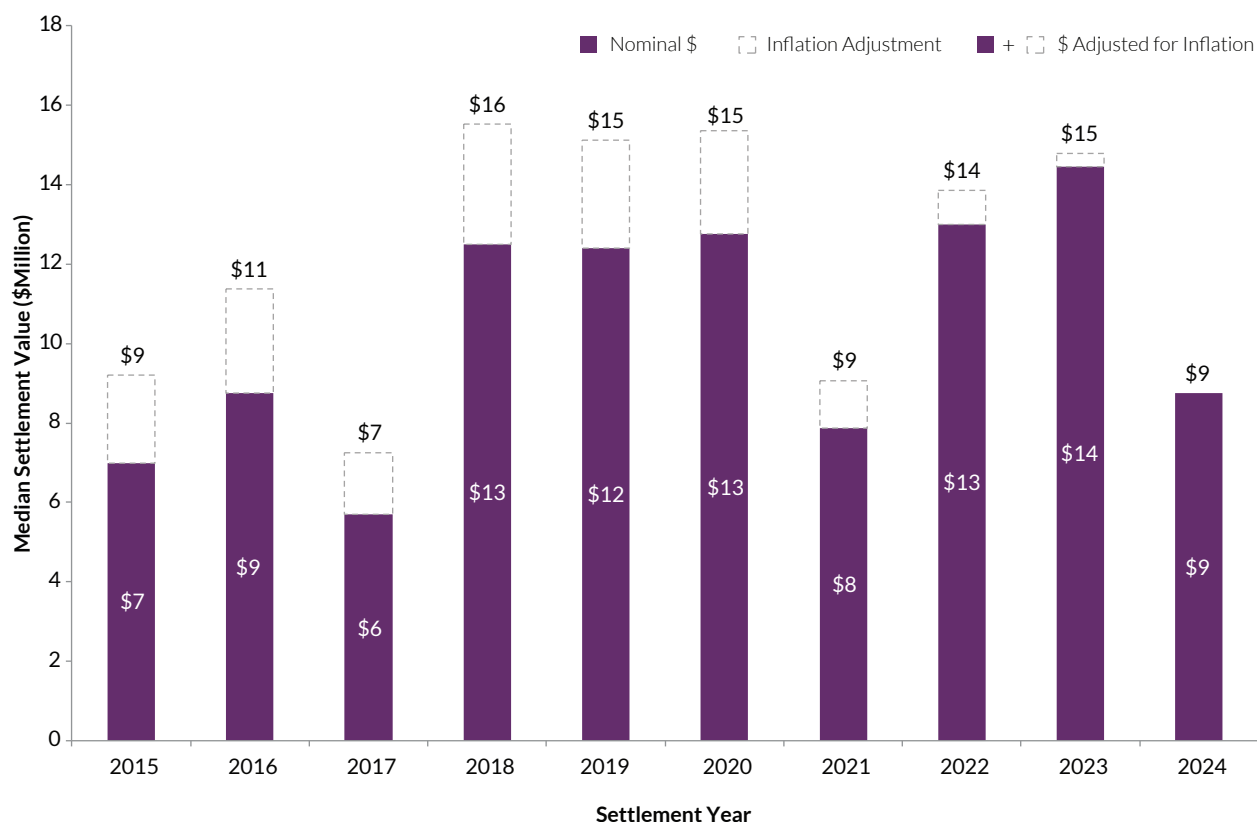


Figure 14. **Median Settlement Value**

Excludes Settlements of \$1 Billion or Higher, Merger Objections, Crypto Unregistered Securities, and Settlements for \$0 to the Class
January 2015–June 2024



Aggregate settlements for the first six months of 2024 totaled \$1.2 billion, comprising 31% of the inflation-adjusted total of \$4.0 billion in full-year 2023. It should be noted that several large settlements announced in the first half of the year, such as Apple Inc. (\$490 million),¹⁴ Under Armor, Inc. (\$434 million),¹⁵ Alphabet Inc. (\$350 million),¹⁶ Zoom Video Communications, Inc. (\$150 million),¹⁷ and Perrigo Company plc (\$97 million)¹⁸ are slated for settlement-approval hearings in the second half of 2024. As such, the aggregate settlement value in the second half of 2024 would be expected to exceed the \$1.2 billion seen in the first half of 2024.

NOTES

- 1 This midyear edition of NERA's "Recent Trends in Securities Class Action Litigation" report expands on previous work by our colleagues Lucy P. Allen, Dr. Vinita Juneja, Dr. Denise Neumann Martin, Dr. Jordan Milev, Robert Patton, Dr. Stephanie Plancich, Janeen McIntosh, and others. The authors thank Dr. David Tabak and Benjamin Seggerson for helpful comments on this edition. We thank Vlad Lee, Daniel Klotz, and other researchers in NERA's Securities and Finance capability for their valuable assistance. These individuals receive credit for improving this report; any errors and omissions are those of the authors. NERA's proprietary securities class action database and all analyses reflected in this report are limited to federal case filings and resolutions.
- 2 NERA tracks securities class actions that have been filed in federal courts. Most of these cases allege violations of federal securities laws; others allege violations of common law, including breach of fiduciary duty, as with some merger-objection cases; still others are filed in federal court under foreign or state law. If multiple actions are filed against the same defendant, are related to the same allegations, and are in the same circuit, we treat them as a single filing. The first two actions filed in different circuits are treated as separate filings. If cases filed in different circuits are consolidated, we revise our count to reflect the consolidation. Therefore, case counts for a particular year may change over time. Different assumptions for consolidating filings would probably lead to counts that are similar but may, in certain circumstances, lead observers to draw a different conclusion about short-term trends in filings. Data for this report were collected from multiple sources, including Institutional Shareholder Services, Dow Jones Factiva, Bloomberg Finance, FactSet Research Systems, Nasdaq, Intercontinental Exchange, US Securities and Exchange Commission (SEC) filings, complaints, case dockets, and public press reports.
- 3 Federal securities class actions that allege violations of Rule 10b-5, Section 11, and/or Section 12 have historically dominated federal securities class action dockets and have often been referred to as "standard" cases. In the analyses of this report, standard cases involve registered securities and do not include cases involving crypto unregistered securities, which are considered a separate category.
- 4 In this study, crypto cases consist of two mutually exclusive subgroups: (1) crypto shareholder class actions, which include a class of investors in common stock, American depositary receipts/ American depositary shares (ADR/ADS), and/or other registered securities, along with crypto- or digital-currency-related allegations; and (2) crypto unregistered securities class actions, which do not have class investors in any registered securities that are traded on major exchanges (New York Stock Exchange, Nasdaq). We include crypto shareholder class actions in all our analyses that include standard cases. Crypto unregistered securities class actions are excluded from some analyses, which is noted in the titles of our figures.
- 5 Most securities class action complaints include multiple allegations. For this analysis, all allegations from the complaint are included and thus the total number of allegations exceeds the total number of filings.
- 6 A company is considered to be a foreign company based on the location of its principal executive office.
- 7 Matthew Bultman, "AI Disclosures to SEC Jump as Agency Warns of Misleading Claims," *Bloomberg Law*, dated 8 February 2024, available online at: <https://news.bloomberglaw.com/securities-law/ai-disclosures-to-sec-jump-as-agency-warns-of-misleading-claims>.
- 8 Madeleine Ngo, "A Timeline of How the Banking Crisis Has Unfolded," *The New York Times*, dated 1 May 2023, available online at: <https://www.nytimes.com/2023/05/01/business/banking-crisis-failure-timeline.html>.
- 9 Jordan Novet, "AT&T's Massive Data Breach Deepens Crisis for Snowflake Seven Weeks After Hack Was Disclosed," *CNBC*, dated 12 July 2024, available online at: <https://www.cnn.com/2024/07/12/snowflake-shares-slip-after-att-says-hackers-accessed-data.html>.
- 10 Jennifer Rigby and Bhanvi Satija, "WHO Declares End to COVID Global Health Emergency," *Reuters*, dated 8 May 2023, available online at: <https://www.reuters.com/business/healthcare-pharmaceuticals/covid-is-no-longer-global-health-emergency-who-2023-05-05/>.
- 11 SPAC IPO figures taken from SPAC Data, available online at: <https://www.spacdata.com>. Accessed 17 July 2024.
- 12 "Dismissed" is used as shorthand for all class actions resolved without settlement; it includes cases in which a motion to dismiss was granted (and not appealed or appealed unsuccessfully), voluntary dismissals, cases terminated by a successful motion for summary judgment, or an ultimately unsuccessful motion for class certification.
- 13 For our settlement analyses, NERA includes settlements that have had the first settlement approval hearing. We do not include partial settlements or tentative settlements that have been announced by plaintiffs and/or defendants. For example, the analyses in this section exclude the 2020 partial settlement involving Valeant Pharmaceuticals.
- 14 Katryna Perera, "On 2nd Bite, Apple Investors Get Initial OK For \$490M Deal," *Law360*, dated 4 June 2024, available online at: <https://www.law360.com/articles/1844258>.
- 15 Hailey Konnath, "Under Armour to Pay \$434M to End Securities Fraud Claims," *Law360*, dated 21 June 2024, available online at: <https://www.law360.com/articles/1850514>.
- 16 Katryna Perera, "\$350M Google Privacy Settlement Receives Initial Approval," *Law360*, dated 9 April 2024, available online at: <https://www.law360.com/articles/1823471>.
- 17 Bonnie Eslinger, "Zoom's \$150M Investor Deal Nears OK, But \$50K Award Lffy," *Law360*, dated 13 June 2024, available online at: <https://www.law360.com/articles/1847738>.
- 18 Henrik Nilsson, "Perrigo Inks \$97M Deal with Investors in Securities Fraud Suit," *Law360*, dated 5 April 2024, available online at: <https://www.law360.com/articles/1822591>.

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